



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**ENERGY**

IN THE MATTER OF THE PETITION OF NEW JERSEY )	DECISION AND ORDER
NATURAL GAS COMPANY FOR THE ANNUAL REVIEW )	APPROVING STIPULATION
AND REVISION OF SOCIETAL BENEFITS CLAUSE )	
(SBC) FACTORS FOR CALENDAR YEAR 2008 )	DOCKET NO. GR08020106

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On February 21, 2008, New Jersey Natural Gas Company ("NJNG" or "Company") made a Societal Benefits Clause ("SBC") filing with the Board of Public Utilities ("Board") seeking approval of the Company's proposed SBC factors for the calendar year 2008 ("2008 SBC Filing").

The SBC was established by the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 et seq., and its application to NJNG was approved by the Board as a non-bypassable charge applicable to all of the Company's customers by Board Order dated March 30, 2001, approving a stipulation in BPU Docket Nos. GX99030121 and GO99030123 ("Unbundling Order").

The SBC factors include the Remediation Adjustment ("RA") factor, for the recovery of costs incurred by the Company associated with the clean-up of former Manufactured Gas Plant ("MGP") sites; the statewide Universal Service Fund ("USF"), which is a fund established by the Board to make the cost of electricity and natural gas more affordable to qualifying residential customers in New Jersey; the statewide Lifeline Credit ("Lifeline") program, which provides assistance with heating costs to qualifying low-income elderly and disabled persons; and the New Jersey Clean Energy Program ("NJCEP") charge, which is designed to recover costs incurred for the Company's allocated share of statewide energy efficiency and renewable energy expenditures.



In its 2008 SBCF filing, the Company proposed maintaining its existing overall SBC rate and each individual SBC rate/factor as follows: 1) the existing RA factor of \$0.0260 per therm after-tax, as previously approved by Board Order dated October 3, 2007 in BPU Docket No. GR06100746 and to reflect in the computation of the RA factor the costs incurred for the twelve months ended June 30, 2007; 2) the then current USF/Lifeline rate of \$0.0225 per therm after-tax, as previously approved by Board Order dated October 3, 2007 in the Statewide USF/Lifeline proceedings, BPU Docket No. GR06100746; and 3) the existing after-tax NJCEP factor of \$0.0185 per therm.

NJNG's 2008 SBC Filing was retained at the Board. As no change in rates was proposed, a public hearing is not required under N.J.S.A. 48:2-21. The Company's USF/Lifeline factor was increased to \$0.027600 by Board Order dated October 21, 2008 in the Statewide USF/Lifeline proceedings, BPU Docket No. ER08060455. Due to the statewide nature of the USF/Lifeline factors, public hearings for those rates were held in Rockaway Township on September 8, 2008, and in Freehold Borough on September 9, 2008. No members of the public appeared.

Following comprehensive discovery and settlement discussions, NJNG, Board Staff ("Staff") and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties"), entered into the attached Stipulation dated May 12, 2009 resolving all issues raised in or relating to the 2008 SBC Filing ("Stipulation"). The Stipulation provides for the following:

- To maintain the Company's then currently-effective overall SBC factor.
- To maintain NJNG's currently-effective RA factor of \$0.0260 per therm, after tax rate, until changed by further Order of the Board. The Company's RA costs (including carrying costs of approximately \$2.5 million) eligible for recovery through the RA factor total approximately \$17.7 million as of September 30, 2007.
- To maintain NJNG's currently-effective USF/Lifeline statewide factor of \$0.0276 per therm, after tax, approved by the Board in an Order dated October 21, 2008, until changed by further Order of the Board. The USF component of the SBC is designed to enable the Company to collect approximately \$17.6 million, on a pre-tax basis, annually for the statewide USF program.
- To maintain NJNG's currently-effective NJCEP factor of \$0.0185 per therm, after tax, until changed by further Order of the Board. The NJCEP component of the SBC reflects NJNG's NJCEP "year" funding requirement, unrecovered costs from the prior period and associated carrying costs, all based on NJNG's NJCEP funding obligations as established in the Board's December 22, 2004 Order in Docket No. EX04040276, and is designed to enable the Company to recover approximately \$12.2 million of pre-tax NJCEP related costs annually.



- The SBC including RA factor expenditures incurred by the Company during the period July 1, 2006 through June 30, 2007, have been examined and are resolved.
- Through the September 2000 Revised Sharing Agreement between the Company and Jersey Central Power and Light Company ("JCP&L"), it was agreed that the Lakewood site would be transferred from the Company to JCP&L (filed with the Board in Docket No. EM02060377). To date, title to the Lakewood MGP site had not been transferred to JCP&L. In view of the status of this property, it is agreed that \$6,277 of past property taxes on this site should be removed from the Company's RAC deferral balance as a credit.
- The Company agrees to provide a final reconciliation of its annual RA factor recovery within ninety (90) days of the completion of each RA recovery year, the reconciliation is to include the calculation of actual volumes that recovered the RA factor and the resultant net expense or credit amount which is to be carried over to the next recovery year.
- The Company's recovery through the RA factor is subject to audit. The audit may be through the Company's Internal Audits conducted in relation to this proceeding, or through any other audit mechanism determined to be appropriate by the Board.
- The Company represents that its RA filing in this 2008 SBC Filing does not include the recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage claims currently being investigated by the New Jersey Department of Environmental Protection. The Parties reserve their rights to argue their respective positions on these and related issues in future proceedings.

#### DISCUSSION AND FINDINGS

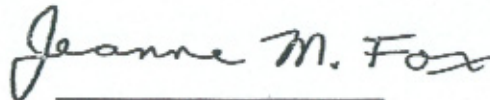
The Board has carefully reviewed the file to date in this proceeding and the attached Stipulation of the Parties. The Board HEREBY FINDS that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, subject to the terms and conditions herein, the Board HEREBY ADOPTS AND HEREBY APPROVES the Stipulation as its own, as it fully set forth herein.

The Board's approval herein does not obviate the need for, and is, in fact, contingent upon, the holding of a public hearing in accordance with N.J.S.A. 48:2-32.4 before the implementation of any rate increases associated with the RA balance approved in this Order as well as any other upward adjustments to the RA petitioned for in future annual RA true-up proceedings.

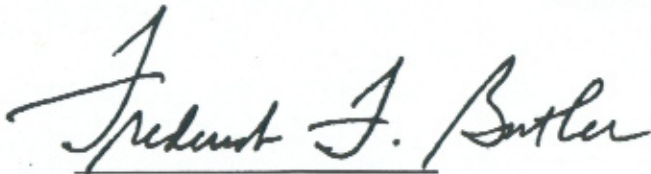
The Board HEREBY ORDERS that the Company's SBC costs shall remain subject to on-going audit, and that this Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

DATED: 6/10/09


BOARD OF PUBLIC UTILITIES  
BY:



JEANNE M. FOX  
PRESIDENT



FREDERICK F. BUTLER  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER

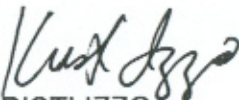


NICHOLAS ASSELTA  
COMMISSIONER



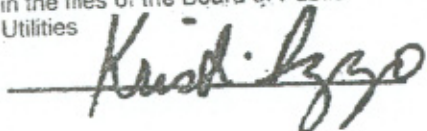
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:



KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities





**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF )  
NEW JERSEY NATURAL GAS COMPANY )  
FOR THE ANNUAL REVIEW AND )  
REVISION OF SOCIETAL BENEFITS )  
CLAUSE (SBC) FACTORS FOR )  
CALENDAR YEAR 2008 )**

**BPU DOCKET NO. GR08020106**

**STIPULATION**

**APPEARANCES:**

**Tracey Thayer, Esq.**, New Jersey Natural Gas Company, and **Frederick W. Peters, Esq.**, Law Offices of Frederick W. Peters, for the Petitioner, New Jersey Natural Gas Company

**Sarah H. Steindel, Esq.**, Assistant Deputy Public Advocate and **Henry M. Ogden, Esq.**, Assistant Deputy Public Advocate, Department of the Public Advocate, Division of Rate Counsel (**Ronald K. Chen**, Public Advocate of New Jersey, **Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel)

**Jessica Campbell**, Deputy Attorney General and **Alex Moreau**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Anne Milgram**, Attorney General of New Jersey)

**TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

1. On February 21, 2008, New Jersey Natural Gas Company ("NJNG" or the "Company") filed its annual petition in Docket No. GR08020106 seeking approval from the New Jersey Board of Public Utilities ("BPU" or "Board") for the Societal Benefits Clause ("SBC") factors for calendar year 2008 ("2008 SBC"). In its 2008 SBC petition, the Company proposed to maintain both its existing overall SBC rate and the specified Board approved factors within the SBC.

2. The SBC was established within the Electric Discount and Energy Competition Act ("EDECA"), N.J.S.A. 48:3-49 et seq. and approved by the Board as a non-bypassable charge applicable to all of the Company's customers by Board Order dated March 30, 2001, approving a stipulation in BPU Docket Nos. GX99030121 and GO99030123 (the "Unbundling Order").

3. The SBC factors include the Remediation Adjustment ("RA") factor, for the recovery of costs incurred by the Company associated with the clean-up of former Manufactured Gas Plant ("MGP") sites; the statewide Universal Service Fund ("USF"), which is a fund established by the Board to make the cost of electricity and natural gas more affordable to qualifying residential customers in New Jersey; the statewide Lifeline Credit ("Lifeline") program, which provides assistance with heating costs to qualifying low-income elderly and disabled persons; and the New Jersey Clean Energy Program ("NJCEP") charge, which is designed to recover costs incurred for the Company's allocated share of statewide energy efficiency and renewable energy expenditures.

4. As noted, the Company proposed in its SBC 2008 petition to maintain its existing overall SBC rate and each individual SBC rate/factor as follows: to maintain the existing RA factor of \$0.0260 per therm after-tax, as previously approved by the Board on October 3, 2007 in BPU Docket No. GR06100746 and to reflect in the computation of the RA factor the costs incurred for the twelve months ended June 30, 2007; to maintain the then current USF/Lifeline rate of \$0.0225 per therm after-tax, as previously approved by the Board on October 3, 2007 in statewide USF/Lifeline proceedings, BPU Docket No. GR06100746; and to maintain the existing after-tax NJCEP factor of \$0.0185 per therm.



5. The Company's 2008 SBC was not transmitted to the Office of Administrative Law nor, given the absence of any proposed change in rates to the RA and NJCEP factors, was a public hearing required under N.J.S.A. 48:2-21. The Company's USF/Lifeline factor was increased to \$0.027600 in a Board Order issued on October 21, 2008 in statewide USF/Lifeline proceedings, BPU Docket No. ER08060455. Due to the statewide nature of the USF/Lifeline factors, public hearings for those rates were held in Rockaway Township on September 8 and in Freehold Borough on September 9, 2008. No members of the public appeared.

6. NJNG, the Staff of the Board ("Staff") and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties"), the only parties to these proceedings, have conducted extensive discovery and met to discuss the matters at issue in this proceeding. Based upon those discussions, the Parties have reached an agreement and enter into this Stipulation in resolution of all issues raised in or relating to the 2008 SBC and the Company's overall SBC billing factor, including its related RA, USF/Lifeline and NJCEP rates and factors.

7. Specifically, based upon and subject to the terms and conditions set forth herein, the Parties **STIPULATE AND AGREE** that:

(a) The Parties propose to maintain the Company's currently-effective after-tax SBC billing factor, including its RA, USF/Lifeline (based on the statewide rate approved by the Board in its Order dated October 21, 2008 in BPU Docket No. ER08060455) and NJCEP rates which shall continue to remain in effect until changed by further Order of the Board.

(i) The Parties propose to maintain the currently-effective RA factor of \$0.0260 per therm, after-tax rate, until changed by further Order of the Board. The

Company's RA costs (including carrying costs of approximately \$2.5 million) eligible for recovery through the RA factor total approximately \$17.7 million as of September 30, 2007.

(ii) The Parties propose to maintain the currently-effective USF/Lifeline statewide factor of \$0.0276 per therm, after-tax, approved by the Board in an Order dated October 21, 2008, until changed by further Order of the Board. The USF component of the SBC is designed to enable the Company to collect approximately \$17.6 million, on a pre-tax basis, annually for the statewide USF program; and

(iii) The Parties propose to maintain the currently-effective NJCEP factor of \$0.0185 per therm, after-tax, until changed by further Order of the Board. The NJCEP component of the SBC reflects NJNG's NJCEP "year" funding requirement, unrecovered costs from the prior period and associated carrying costs, all based on NJNG's NJCEP funding obligations as established in the Board's December 22, 2004 Order in Docket No. EX04040276, and is designed to enable the Company to recover approximately \$12.2 million of pre-tax NJCEP related costs annually.

8. Except as provided below, all issues raised by the Company's filing herein relating to the Company's SBC, including RA factor expenditures incurred by the Company during the period July 1, 2006 through June 30, 2007, have been examined and are resolved.

9. Under a September 2000 Revised Sharing Agreement between the Company and Jersey Central Power and Light Company ("JCP&L") with regard to various Company MGP sites including Lakewood (filed with the Board in Docket No. EM02060377), it was agreed that the Lakewood site would be transferred from the Company to JCP&L. To date, title to the Lakewood MGP site had not been transferred to JCP&L. In view of the status of this property, it



is agreed that \$6,277 of past property taxes on this site should be removed from the Company's RAC deferral balance as a credit to the Company's ratepayers.

10. The Company agrees to provide a final reconciliation of its annual RA factor recovery within ninety (90) days of the completion of each RA recovery year, which reconciliation will include the calculation of actual volumes that recovered the RA factor and the resultant net expense or credit amount which is to be carried over to the next recovery year. Recovery and adjustment of the RA factor is subject to the Parties' review of NJNG's RA expenditures and reconciliation thereof in NJNG's 2009 SBC proceeding. Recovery of RA Factor costs shall also continue to be subject to the same conditions as set forth in the Stipulations approved by the Board in its December 21, 1994 "Order Adopting Initial Decision" in BPU Docket No. GR94070333, and its November 22, 1995 "Decision and Order Adopting Initial Decision and Stipulation" in BPU Docket No. GR95090409.

11. As part of this Stipulation, the Parties agree that expenditures the Company recovers through the RA factor are subject to audit. Such audit may be through a review of the Company's Internal Audits conducted in relation to this proceeding, or through any other audit mechanism determined to be appropriate by the Board.

12. The Company represents that its RA filing in this 2008 SBC does not include the recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") claims currently being investigated by the New Jersey Department of Environmental Protection. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the Company's RA clause, of NRD damages or related costs, if any. The Parties expressly

reserve their rights to argue their respective positions on these and related issues in future proceedings, as appropriate.

13. The Parties stipulate and agree that this Stipulation disposes of issues in controversy, is consistent with the law, and is in the public interest. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

14. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

15. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, neither NJNG, the Board, its Staff, nor Rate Counsel shall be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.



WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

NEW JERSEY NATURAL GAS  
PETITIONER

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New Jersey Natural Gas Company

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PUBLIC ADVOCATE OF NEW JERSEY

STEFANIE A. BRAND, DIRECTOR  
DIVISION OF RATE COUNSEL

By: Sarah H. Steindel 5/12/09

SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY PUBLIC ADVOCATES

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
ANNE MILGRAM, ATTORNEY GENERAL OF NEW JERSEY

By: Jessica Campbell 5/8/2009  
ALEX MOREAU  
JESSICA CAMPBELL  
DEPUTY ATTORNEYS GENERAL

Date: May \_\_, 2009

IN THE MATTER OF THE PETITION OF NEW JERSEY  
NATURAL GAS COMPANY FOR THE ANNUAL REVIEW  
AND REVISION OF SOCIETAL BENEFITS CLAUSE  
(SBC) FACTORS FOR CALENDAR YEAR 2008  
DOCKET NO. GR08020106

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